	Progress Report on the Immediate Actions of the Washington Action Plan prepared by the UK Chair of the G20	
Action plan number	**Washington Action Plan text**	**Action points and next steps**
	Strengthening Transparency and Accountability	
	Immediate Actions by March 31, 2009	
1	The key global accounting standards bodies should work to enhance guidance for valuation of securities, also taking into account the valuation of complex, illiquid products, especially during times of stress.	>G20 Finance Ministers and Central Bank Governors agreed to the need for improvements in accounting standards including for provisioning and valuation uncertainty. >IASB has published revised guidance on the application of fair value in distressed market conditions and is in the process of enhancing guidance for fair value measurement and disclosure more generally, with an exposure draft expected in the first half of 2009. >FASB will re-examine its guidance for fair value accounting and disclosures in 2009. >BCBS is consulting on enhanced guidance on valuation practices for financial instruments. >Accounting standard setters should accelerate efforts to reduce the complexity of accounting standards for financial instruments and enhance presentation standards to allow the users of financial statements to better assess the uncertainty surrounding the valuation of financial instruments.
2	Accounting standard setters should significantly advance their work to address weaknesses in accounting and disclosure standards for off-balance sheet vehicles.	>G20 Finance Ministers and Central Bank Governors agreed to full transparency of exposures to off-balance sheet vehicles. >IASB has issued for consultation proposed accounting changes for consolidation of off-balance sheet entities and will finalise new standards by 2010. >IASB has also accelerated its de-recognition project and expects to publish an exposure draft in the first half of 2009.
3	Regulators and accounting standard setters should enhance the required disclosure of complex financial instruments by firms to market participants.	>National supervisors are enforcing the best practice for risk disclosures set out in the FSF's April 2008 report, including in relation to complex financial instruments. The FSF is monitoring the application of these standards. >IASB has released several proposals to improve disclosures of financial instruments, including improving the information about fair value measurement and liquidity risk. >IOSCO is reviewing private sector initiatives to enhance transparency in the securitisation markets and will produce an interim report in March. >FSF will assess the need for strengthened transparency and due diligence requirements in relation to financial institutions' activities in the securitisation markets, drawing on work by IOSCO to assess private sector initiatives.
4	With a view toward promoting financial stability, the governance of the international accounting standard setting body should be further enhanced, including by undertaking a review of its membership, in particular in order to ensure transparency, accountability, and an appropriate relationship between this independent body and the relevant authorities.	>The Trustees of the International Accounting Standard Committee Foundation (IASCF) have agreed to establish a formal link to a newly created external Monitoring Board composed of public authorities, including the chairs of the expanded IOSCO Technical Committee and the IOSCO Emerging Markets Committee. The success of the monitoring body will be reviewed by summer 2010. >Members also approved to expand the International Accounting Standard Board (IASB) membership to 16 members and provided guidelines regarding geographic diversity. >Brazil, China and India have accepted IOSCO's invitation to join its Technical Committee. >Basel Committee on Banking Supervision has expanded its membership to include Australia, Brazil, China, Korea, India, Mexico and Russia

5	Private sector bodies that have already developed best practices for private pools of capital and/or hedge funds should bring forward proposals for a set of unified best practices. Finance Ministers should assess the adequacy of these proposals, drawing upon the analysis of regulators, the expanded FSF, and other relevant bodies.	>The Alternative Investment Managers' Association, the Managed Funds Association and the members of the Asset Managers Committee established by the President's working group on financial markets are committed to publish jointly a common set of principles by the end of April. >G20 Finance Ministers and Central Bank Governors have made recommendations to the London Summit to ensure all systemically important financial institutions, markets and instruments are subject to appropriate degree of regulation and oversight, and that hedge funds or their managers are registered and disclose appropriate information to assess the risks they pose.
	Enhancing Sound Regulation	
	Regulatory Regimes	
	Immediate Actions by March 31, 2009	
9	The IMF, expanded FSF, and other regulators and bodies should develop recommendations to mitigate pro-cyclicality, including the review of how valuation and leverage, bank capital, executive compensation, and provisioning practices may exacerbate cyclical trends.	>G20 Finance Ministers and Central Bank Governors have made recommendations to the London Summit to ensure that financial regulations dampen rather than exacerbate economic cycles, including by building buffers of resources during the good times and measures to constrain leverage; but it is vital that capital requirements remain unchanged until recovery is assured. >The FSF has produced recommendations on procyclicality.
	Prudential Oversight	
	Immediate Actions by March 31, 2009	
14	Regulators should take steps to ensure that credit rating agencies meet the highest standards of the international organization of securities regulators and that they avoid conflicts of interest, provide greater disclosure to investors and to issuers, and differentiate ratings for complex products. This will help ensure that credit rating agencies have the right incentives and appropriate oversight to enable them to perform their important role in providing unbiased information and assessments to markets.	> All major credit rating agencies (CRAs) have adopted codes of conduct based on the revised IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. >Several G20 countries and regions are taking action to introduce registration requirements based on compliance with the IOSCO Code. >G20 Finance Ministers and Central Bank Governors have agreed to regulatory oversight, including registration, of all Credit Rating Agencies whose ratings are used for regulatory purposes, and compliance with the IOSCO code. >National authorities should obtain the authority to enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the ratings process. Given the global scope of some CRAs the oversight regime should be consistent across jurisdictions with appropriate sharing of information between national authorities responsible for the oversight of CRAs.
15	The international organization of securities regulators should review credit rating agencies' adoption of the standards and mechanisms for monitoring compliance.	IOSCO has finalised a common monitoring module for CRAs.

16	Authorities should ensure that financial institutions maintain adequate capital in amounts necessary to sustain confidence. International standard setters should set out strengthened capital requirements for banks' structured credit and securitisation activities.	>National authorities have taken a number of steps, appropriate to national circumstances to ensure that banks have adequate capital. >Capital buffers above the regulatory minimum are designed to absorb losses and support continued lending to the economy. >Capital requirements should remain unchanged until recovery is assured. >The BCBS has issued consultation proposals to strengthen the risk capture of the Basel II framework, including enhancements to the capital treatment of securitisations, off-balance sheet exposures and trading book activities. >BCBS is working on a number of other initiatives to enhance the capital framework. >The IAIS is working to assess issues that have emerged from the financial crisis with respect to the assessment of the solvency of insurance companies and the groupwide solvency requirements for internationally active insurance groups.
17	Supervisors and regulators, building on the imminent launch of central counterparty services for credit default swaps (CDS) in some countries, should: speed efforts to reduce the systemic risks of CDS and over-the-counter (OTC) derivatives transactions; insist that market participants support exchange traded or electronic trading platforms for CDS contracts; expand OTC derivatives market transparency; and ensure that the infrastructure for OTC derivatives can support growing volumes.	>G20 Finance Ministers and Central Bank Governors agreed greater standardisation and resilience of credit derivatives markets. >Substantial steps have been taken to reduce operational risks. Derivative transaction confirmation lags have fallen and tear up exercises have greatly reduced gross derivative contracts outstanding. >Financial institutions should continue to work to strengthen the infrastructure supporting OTC derivatives markets. For credit derivatives, this should include standardizing contracts to facilitate central counterparty clearing for eligible contracts. >Central counterparties should be subject to transparent and effective oversight by prudential supervisors and other relevant authorities, including central banks, and meet high standards in terms of risk management, operational arrangements, default procedures, fair access and transparency. >CPSS / IOSCO should rapidly review their standards for central counterparties to ensure they take into account the unique characteristics of credit derivatives.
	Risk Management	
	Immediate Actions by March 31, 2009	
20	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management.	>Basel Committee is enhancing guidance for supervisory oversight in a number of important risk management areas and has also issued liquidity risk management guidance. >The Basel Committee has also issued Principles for Sound Liquidity Risk Management and Supervision.
21	Regulators should develop and implement procedures to ensure that financial firms implement policies to better manage liquidity risk, including by creating strong liquidity cushions.	>G20 members are taking steps to implement the Basel Committee's Principles for Sound Liquidity Risk Management and Supervision in national regulatory frameworks. > Prudential supervisors and central banks should deliver a global framework for promoting stronger liquidity buffers at banks, including cross-border institutions to ensure that they can withstand prolonged period of market funding and liquidity stress. > The BCBS should enhance tools, metrics and benchmarks that supervisors can use to assess the resilience of banks' liquidity cushions and constrain any weakening in liquidity maturity profiles, diversity of funding sources, and stress testing practices.

22	Supervisors should ensure that financial firms develop processes that provide for timely and comprehensive measurement of risk concentrations and large counterparty risk positions across products and geographies.	> Supervisors are required to review firms' processes for timely and comprehensive measurement of risk concentrations and large counterparty risk positions across products and geographies under Pillar 2 of the Basel II Accord. National and regional authorities are taking steps to develop robust and comprehensive guidelines in this regard. >The BCBS will review existing guidelines in 2009.
23	Firms should reassess their risk management models to guard against stress and report to supervisors on their efforts.	>The Senior Supervisors Group is undertaking an assessment of major institutions' strengths, weaknesses and gaps in relation to the recommendations for strengthened risk management practices that have been made in recent public and private sector reports. >The BCBS has issued for consultation guidance for supervisory oversight in a number of important risk management areas. >Firms should ensure that their risk management systems are consistent with these recommendations and national supervisors should assess firms' efforts in this regard.
24	The Basel Committee should study the need for and help develop firms' new stress testing models, as appropriate.	>BCBS has issued for consultation supervisory guidance for improving banks' stress testing practices. >Authorities should rigorously adopt the BCBS guidance, including prescribing common scenarios where appropriate.
25	Financial institutions should have clear internal incentives to promote stability, and action needs to be taken, through voluntary effort or regulatory action, to avoid compensation schemes which reward excessive short-term returns or risk taking.	>G20 Finance Ministers and Central Bank Governors have agreed to the FSF's sound practice principles for compensation.
26	Banks should exercise effective risk management and due diligence over structured products and securitisation.	> With a view to improving the functioning of the securitisation markets, market participants have taken a number of steps to enhance the transparency of securitisation markets and promote improved due diligence. > The BCBS issued a consultation document in January 2009 which includes enhanced guidelines.
	Promoting Integrity in Financial Markets	
	Immediate Actions by March 31, 2009	
29	Our national and regional authorities should work together to enhance regulatory cooperation between jurisdictions on a regional and international level.	The BCBS should consider up-dating its 2001 template for information exchange ("Essential Elements of a Statement of Cooperation between Banking Supervisors") in the light of current best practices and consider further improvements that would enhance bilateral information exchange and supervisory collaboration.
30	National and regional authorities should work to promote information sharing about domestic and cross-border threats to market stability and ensure that national (or regional, where applicable) legal provisions are adequate to address these threats.	Home and host supervisory and other relevant authorities should, in line with the FSF principles for co-operation on crisis management, and where permitted by legal frameworks and confidentiality issues, look to share and build an understanding of information that would help support a coordinated approach to a crisis affecting particular firms.
31	National and regional authorities should also review business conduct rules to protect markets and investors, especially against market manipulation and fraud and strengthen their cross-border cooperation to protect the international financial system from illicit actors. In case of misconduct, there should be an appropriate sanctions regime.	The IOSCO Task Force on Short Selling has proposed four high level principles for the effective regulation of short selling.

Reinforcing International Cooperation		
	Immediate Actions by March 31, 2009	
35	Supervisors should collaborate to establish supervisory colleges for all major cross-border financial institutions, as part of efforts to strengthen the surveillance of cross-border firms. Major global banks should meet regularly with their supervisory college for comprehensive discussions of the firm's activities and assessment of the risks it faces.	>Supervisory colleges have been established for the majority of the most systemically important firms identified by the FSF. > The FSF has issued protocols for the establishment and operation of supervisory colleges.
36	Regulators should take all steps necessary to strengthen cross-border crisis management arrangements, including on cooperation and communication with each other and with appropriate authorities, and develop comprehensive contact lists and conduct simulation exercises, as appropriate.	>G20 Finance Ministers and Central Bank Governors made recommendations to the London Summit to ensure strengthened international cooperation to prevent and resolve crises. >FSF has agreed principles for cross-border cooperation on crisis management.
Reforming International Financial Institutions		
	Immediate Actions by March 31, 2009	
39	The FSF should expand to a broader membership of emerging economies.	The FSF has expanded to include as new members the G20 countries that are not currently in the FSF. These are Argentina, Brazil, China, India, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa, and Turkey. In addition, Spain and the European Commission will also become FSF members.
40	The IMF, with its focus on surveillance, and the expanded FSF, with its focus on standard setting, should strengthen their collaboration, enhancing efforts to better integrate regulatory and supervisory responses into the macro-prudential policy framework and conduct early warning exercises.	>Both the IMF and the FSF are enhancing their processes and capabilities for early warning. > An IMF/FSF Early Warning Exercise will be launched and will be conducted regularly. >The first Early Warning Exercise will be launched at the 2009 Spring Meetings of the IMF and World Bank. >All G20 members commit to undertake a Financial Sector Assessment Program report and support the transparent assessment of countries' national regulatory systems.
41	The IMF, given its universal membership and core macro-financial expertise, should, in close coordination with the FSF and others, take a leading role in drawing lessons from the current crisis, consistent with its mandate.	>The IMF and FSF have undertaken work to analyse the causes of the crisis and on drawing lessons. IMF and FSF should continue to cooperatively develop lessons learned from the crisis within their respective mandates. The should also give attention to the impact of global capital flows on global financial stability.
42	We should review the adequacy of the resources of the IMF, the World Bank Group and other multilateral development banks and stand ready to increase them where necessary. The IFIs should also continue to review and adapt their lending instruments to adequately meet their members' needs and revise their lending role in the light of the ongoing financial crisis.	> G20 Finance Ministers and Central Bank Governors agreed on the urgent need to increase IMF resources very substantially. This could include further bilateral support, a significantly expanded and increased New Arrangements to Borrow (NAB), and an accelerated quota review. We should also ensure that all Multilateral Development Banks have the capital they need, beginning with a substantial capital increase for the Asian Development Bank, and put it to best use to help the world's poorest. > G20 Finance Ministers and Central Bank Governors welcomed the progress by the IMF and World Bank in introducing new and enhanced instruments, including the development of a new high-access, quick-disbursing precautionary facility.
43	We should explore ways to restore emerging and developing countries' access to credit and resume private capital flows which are critical for sustainable growth and development, including ongoing infrastructure investment.	G20 Finance Ministers and Central Bank Governors recognised the urgent need to pursue all options for mobilising International Financial Institution resources and liquidity to finance

44	In cases where severe market disruptions have limited access to the necessary financing for counter-cyclical fiscal policies, multilateral development banks must ensure arrangements are in place to support, as needed, those countries with a good track record and sound policies.	options for mobilising International Financial Institution resources and liquidity to finance countercyclical spending, bank recapitalisation, infrastructure, trade finance, rollover risk and social support.